

FISCAL YEAR 2021 BUDGET HIGHLIGHTS

OVERVIEW

The State of Illinois' Fiscal Year 2021 Budget is contained in SB 264 (Operating Budget), HB64 (Capital Budget), HB 357 (Budget Implementation Bill) and SB 2099 (Municipal Liquidity Facility). The Fiscal Year 2021 General Funds budget estimates \$42.9 billion in spending, including repayment of \$1.6 billion in Fiscal Year 2020 revenue shortfall borrowings. The budget proposal fully funds the Fiscal Year 2021 certified pension contributions. The Fiscal Year 2021 budget also directs over \$5 billion in federal aid from the coronavirus relief packages to public health, social services, small businesses, local governments, and households, including allocations of the remaining \$3.3B from the Coronavirus Relief Fund.

Following the impact on the economy from the COVID-19 pandemic, the estimated Fiscal Year 2021 General Funds base revenues for the enacted Fiscal Year 2021 General Funds budget total nearly \$38 billion, over \$4 billion lower than the estimated amounts at the time the Governor's budget was introduced in February. This amount does not include potential federal stabilization dollars that may be allocated to the state. The authorizing legislation for the budget allows for up to \$5 billion in borrowing from the Federal Reserve's Municipal Liquidity Facility, if federal assistance dollars do not materialize.

If Congress fails to enact funding for states and local governments in the near term and if voters do not approve additional revenue from Public Act 101-8, the governor and his administration will work with the newly created Legislative Budget Oversight Commission and the Illinois General Assembly to identify solutions for addressing any financial gaps.

The Fiscal Year 2021 General Funds budget reflects reductions of operations appropriations of \$200 million and another \$140 million in transportation funds at the Department of Transportation from the Governor's introduced levels, reflecting estimated savings from a continued partial hiring freeze and restricted operations expenditures. The State of Illinois currently has over 3,500 vacant positions in the agencies under the Governor.

EDUCATION –PREK-12 AND HIGHER EDUCATION - \$8.9 billion General Funds preK-12, \$1.9 billion General Funds for Higher Education

- Maintains funding at \$7.2 billion for the Evidence-Based Funding Formula for K-12 education to hold school districts EBF formula payments harmless.
- Funds Early Childhood Education at \$543.7 million.
- Maintains level funding for mandated categoricals, which will continue reimbursing local school districts for transportation and special education costs.
 - Includes \$11.2 million increase to Special Education Orphanage Tuition categorical totaling \$91.7 million
- Increases funding by \$500K to cover costs of Low-Income AP Test Fee, totaling \$2.5 million.
- Includes two new federal appropriations totaling \$678 million for CARES Act awards for school districts and higher education institutions to assist with COVID-19 related impacts.
- Continues our commitment to public universities and community colleges by maintaining level funding, which will help hold down tuition and build a competitive workforce.
- Maintains Monetary Award Program (MAP) funding at \$451.3 million, providing assistance to more than 135,000 college students.
- Includes \$35 million for the third year of AIM HIGH, a merit based scholarship program that is intended to help stem the outmigration of Illinois' high achieving students.

SOCIAL SERVICES - \$7.08 billion General Funds for Human Service Agencies

- Provides \$151.7 million in additional funding at Department of Children and Family Services for more than 120 additional staff, Foster Care and Intact Families caseload growth, rate increases for providers and evidence-based prevention services for Federal Family First (FFPSA) with 50% federal reimbursement for eligible costs.
- Includes \$28.6 million for the Community Care Program (CCP) at the Department on Aging to address growth and service use and to improve quality care for seniors, including funding for a rate increase from \$21.84 to \$23.40 for providers (January 1, 2021).
- Includes nearly \$120 million to Department of Human Services for rate increases to the direct support personnel wages within the Developmental Disability Long-Term Care Program and allow for another 700 placements in fiscal year 2021.
- Fully funds Fiscal Year 2020 increases for child care assistance eligibility and a decrease in required family co-pays and includes an additional \$118 million in federal funds to the Child Care Assistance Program through the CARES Act.
- Provides \$16.1 million in funding to open the Chicago Veterans Home.

CRIMINAL JUSTICE AND PUBLIC SAFETY - \$1.9 billion General Funds

- Funds the Department of Corrections General Funds budget at \$1.5 billion, limiting the increase only to \$40 million to cover potential costs related to COVID response. These costs will be reimbursed through federal CARES Act funding.
- Increases Restore, Reinvest, and Renew Program (R3) by \$35 million at the Criminal Justice Information Authority, as compared to FY2020 levels, due to increased cannabis revenue forecasts.
- Illinois State Police budget will allow for one Illinois State Police cadet class (down from proposed three classes), to help offset estimated retirements.

CAPITAL INVESTMENTS

- Fully reappropriates projects from the historic, bipartisan \$45 billion Rebuild Illinois capital program to invest in every part of the state, creating jobs and enhancing development.

TRANSPORTATION – CONTINUING TO REBUILD ILLINOIS

- The Department of Transportation (IDOT) FY21 Operations budget is reduced by \$140 million from the Governor's introduced level. This reduction will maximize resources for the Road Construction Program and mitigate lost revenues due to the COVID-19 pandemic. The reduction will require a slowdown in hiring but is not expected to impact the Fiscal Year 2021 construction season.
- Fully funds the Fiscal Year 2021 Road Program at \$3.2 billion.
- Includes \$50 million funding for Passenger Rail Operating Assistance – Amtrak
- Includes \$446.7 million in CARES Act funding to support the State's airports.
- Provides an appropriation of \$57.5 million in CARES Act funding for rural transit districts to support continuing operations.

MEDICAID - \$8.01B General Funds for Department of Healthcare and Family Services

- Maintains all eligibility and benefit levels in the Medicaid program to ensure individuals retain their healthcare coverage.
- Includes a \$65 million General Revenue Fund commitment in support of the new Hospital Assessment program (SB2541).
- Provides over \$800 million of CARES ACT funding to the Department of Healthcare and Family Services (HFS) for pandemic related stability payments for healthcare providers impacted by COVID-19.

PREPARING FOR THE 2020 ELECTIONS

- Increases election funding by \$40.6 million in Fiscal Year 2021 including:
 - \$14.8 million in Federal Help America Vote Act (HAVA) grants and \$3 million in state matching funds to the Illinois State Board of Elections to enhance technology and make election security improvements, also improving the administration of elections for the federal office under the Federal 2020 Election Security Grant.
 - An additional \$14 million in Federal CARES Act funds to cover additional election related costs due to the COVID-19 pandemic, also including a 20 percent state match of \$2.8 million. Funds would be used to expand vote by mail and ensure safety of the public, also providing reimbursements to local election authorities.
 - \$6 million in additional general funds to reimburse local election authorities for postage costs related to voting by mail.

COVID-19 RELIEF FUND

- The largest allocation of direct federal aid came to Illinois through a provision in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which created the Coronavirus Relief Fund (CRF) for state and local governments. The State of Illinois received just over \$3.5 billion directly from the fund to cover the state's necessary expenditures in response to COVID-19 between March 1, 2020 and December 30, 2020. This amount will be expended from the new State Coronavirus Urgent Remediation Emergency (State CURE) Fund and Local Coronavirus Urgent Remediation Emergency (Local CURE) Fund, in the following approximate amounts:
 - Small business/child care centers assistance – \$636 million
 - Household and community support programs – \$458 million
 - Healthcare providers for pandemic related stability payments – \$830 million
 - Local governments for reimbursements of COVID-19 related costs – \$250 million
 - State Agency COVID-19 related expenses -- \$1.5 billion

STATE OF ILLINOIS GENERAL FUNDS FINANCIAL WALK DOWN

| <i>(\$ in millions)</i> | FY 2021 Enacted (Est. May 2021) |
|---|--|
| RESOURCES | |
| Net Individual Income Taxes | 18,352 |
| Net Corporate Income Taxes | 2,122 |
| Net Sales Taxes | 7,453 |
| All Other Sources | 3,252 |
| Gaming Transfer | 103 |
| Other Transfers | 1,455 |
| Federal Sources | 3,684 |
| Interfund Borrowing | 300 |
| Federal Stabilization/Municipal Liquidity Facility | 5,000 |
| P.A. 101-0008 Revenues/Section 7.6 GO Bond Borrowing ¹ | 1,274 |
| TOTAL RESOURCES | 42,995 |
| EXPENDITURES | |
| 1. Education | 10,839 |
| 2. Economic Development | 81 |
| 3. Public Safety | 1,910 |
| 4. Human Services | 7,077 |
| 5. Healthcare | 8,014 |
| 6. Environment and Culture | 61 |
| 7. Government Services | 3,490 |
| 8. Pensions | 8,624 |
| 9. Unspent Appropriations | (1,062) |
| Total Operating Budget | 39,036 |
| Statutory Transfers Out | 2,224 |
| Short Term Borrowing/Treasurer Borrowing Repayment | 1,648 |
| Total Additional Expenditures | 3,872 |
| TOTAL EXPENDITURES | 42,908 |
| General Funds Surplus/(Deficit) | 87 |

**This column includes revenues estimates from the published revision in April 2020 and revised appropriations as enacted in May 2020.*

¹ PA 101-0008 takes effect January 1, 2021, adjusting individual and corporate income tax rates and generating revenue for the general funds, if SJRCA 1 is adopted by the people of Illinois. If PA 101-0008 does not take effect, and no other additional revenues are realized, then estimated revenues for FY 2021 will not be realized and bonds as authorized under Section 7.6 of the GO Bond Act may be issued.